



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...	GENERAL MANAGER ACTION REQ'D:		
DATE: 8/9/2023		9/6/2023	BOARD INITIATED ITEM: No		
Originator/Prepared by: Karen Basting Dept: Cust Service Administration	General Counsel	Controller/Treasurer	District Secretary	BARC	
DocuSigned by: <i>[Signature]</i> 927FF3A9A2A04C6...	DocuSigned by: <i>Jana Belan</i> F8FD7B3A73E74E8...	DocuSigned by: <i>Chris Gan</i> EE11C8CEEEA04FD...		DocuSigned by: <i>Pamela Herhold</i> 3BB24D65B8724F5...	
Signature/Date: 9/6/2023	9/6/2023 []	9/6/2023 []	[]	9/6/2023 []	

Order for the purchase of HO Scale Electric Model BART Train Cars

Award Order for the purchase of HO Scale Electric Model BART Train Cars to Rapido Trains, Inc.

PURPOSE:

To request Board authorization to purchase for resale HO Scale electric model BART train cars from toy train manufacturer Rapido Trains, Inc. (Rapido), including the below-referenced pre-orders, in a sum not to exceed \$149,000 for this first order.

DISCUSSION:

BART has not had HO scale model trains available through any vendor for over 30 years. There is significant interest in and demand for these new Rapido HO scale electric model BART trains as evidenced by the “pre-order” interest below:

PRE-ORDER REQUESTS - As of 8/21/23

Orders:	645
# of Train Cars:	1,236
Est. Total Sales:	\$208,267

Est. Cost: **\$145,787**

Estimated Profit: **\$62,480**

Estimated profit revenue to BART based on current preorder interest is dependent on approval of this EDD – as of this EDD date BART will gain an estimated \$62K profit for a short-term expenditure of \$145K. There is a possibility that there will not be a short-term expenditure of BART funds required at all since the pre-order sales revenue will be received prior to receipt of inventory and payment to vendor. The order due date for manufacturing is October 2023, merchandise delivery is Late Spring 2024. Reorders of lesser amounts may be processed in the future under regular Procurement limits and procedures.

In addition, BART will receive a licensing fee from Rapido of 3% of all global sales of the HO Scale electric model BART train cars (excluding direct BART sales).

Rapido Trains Selection:

The Customer Services Department contacted many possible manufacturers/vendors several times over the past several years. Most recently staff sent requests to nine vendors resulting in only two responses expressing interest. The highest quality, most detailed and least expensive option was Rapido.

BART does not pay any up-front costs associated with Rapido’s HO scale electric model BART train cars. Rapido invested their own funds for up front design for these HO scale electric model BART train cars, expending considerable funds for design, marketing and manufacturing tooling, including traveling to the District for train car measurements, photos and sound recordings. Rapido also attended BART's 50th Anniversary celebration where they staffed a booth to generate pre-sales and interest, and Rapido pays all manufacturing and other production costs. The only other responsive vendor required that all tooling and other expenses, as well as an order of 1,000 cars, be prepaid prior to starting any design or other work.

It is staff's determination that Rapido provides excellent quality and highly detailed model trains that are to scale. The 30+ year old HO scale trains in the BART archives from previous manufacturers are not actually to scale and do not have the same level of BART specific detail as Rapido Trains’.

FISCAL IMPACT:

No net cost to the District. Revenue to the District as of this writing could be approximately

\$62,480.33. Any initial funding required will come from the Customer Services Department 0605377 account 680030 budget for store re-sale merchandise inventory purchase and not to exceed \$149,000. The costs will be reimbursed by the pre-sales/sales of the items as is the standard BART accounting and budgeting process for all store merchandise sales in 0605377 account 680031. This action is not anticipated to have any Fiscal Impact on unprogrammed District reserves in the current Fiscal Year.

ALTERNATIVES:

Not purchasing the HO scale electric model train cars for sale to customers and returning the pre-order deposits.

RECOMMENDATION:

It is the recommendation that the Board adopt the Motion.

MOTION:

The General Manager is authorized to award the order to purchase for resale of HO scale electric model BART train cars to Rapido Trains, Inc. of Markham, Ontario, Canada, including pre-orders, for a sum not to exceed \$149,000 (inclusive of sales tax), pursuant to notification to be issued by the General Manager.